

**BYLAWS
OF
/WASHINGTON FOUNDATION SHAREHOLDER/
(the “Corporation”)**

**ARTICLE I
OFFICES**

The principal office of the Corporation shall be located at its principal place of business or such other place as the Board of Directors may designate. The Corporation may have such other offices, either within or without the State of Washington, as the Board of Directors may designate, or as the business of the Corporation may require from time to time.

**ARTICLE II
MEMBERSHIP**

The Corporation shall have no members.

**ARTICLE III
BOARD OF DIRECTORS**

3.1 General Powers. The business and affairs of the Corporation shall be conducted under the direction of, and the control and disposal of the Corporation’s properties and funds shall be vested in, its Board of Directors, except as otherwise provided in the Washington Nonprofit Corporation Act (the “Act”), the Corporation’s Articles of Incorporation, or these Bylaws.

3.2 Qualifications. ~~3.2.1 General. Directors shall be individuals and shall have business and/or financial management experience, a demonstrated commitment to community service and such other qualifications as the Board of Directors may prescribe by resolution or amendment to these Bylaws; provided that, except as otherwise provided herein, no director shall be an elected state or federal government official, a current or former director or commissioner of a state or federal health-related agency or insurance department, a current employee of a state or federal health-related agency or insurance department, a director or employee of a health-related public development authority, or a director, officer or employee of [Washington Charitable Organization], a Washington nonprofit corporation, (the “Washington Charitable Organization”) and [Alaska Charitable Organization], an Alaska nonprofit corporation, (the “Alaska Charitable Organization”) or of any~~ In selecting the members to serve on the Board of Directors, with the exception of the members to serve on the First Board as defined in Section 3.5.2 of these Bylaws, and in nominating and selecting their successors, consideration shall be given to ensuring that the Board of Directors represents the diversity of Washington’s population and includes individuals with expertise, education and/or experience in one or more of the following areas: health care or social welfare; business management, asset management, investment or financial management; leadership; grant making; nonprofit organizations; or public health, provided that at least three (3) members of the Board of Directors then in office

must have expertise in business management, asset management, investment or financial management. Regardless of the foregoing, no director may be: (i) a member of the Board of Directors, or an officer or employee, of the Blue Cross Blue Shield Association or one of its licensees, of any hospital or hospital association or medical association in Washington, or of any other entity engaged in the business of providing coverage ~~of~~, or the administration, of health benefits, including, without limitation, any health insurer, ~~health care service contractor~~Health Care Service Contractor (as defined in RCW 48.44.010), hospital and medical service corporation, health maintenance organization, health carrier or health plan in Washington ~~or Alaska~~, or any affiliate of any of the foregoing; (ii) an elected state or federal government official; (iii) a current director, commissioner, or employee of a state or federal health-related agency or insurance department; (iv) a director or employee of a health-related public development authority; or (v) a current director, officer, or employee of PREMERA or any of its affiliates.

~~**3.2.2 Independent Directors.** “Independent Directors” shall be defined as (a) current or former members of the Board of Directors of PREMERA, Premera Blue Cross or their predecessors, or (b) individuals nominated by PREMERA and elected or appointed by the affirmative vote of a majority of the Independent Directors then in office. A majority of the members of the Board of Directors shall be Independent Directors; provided that, no more than 49% of the Board of Directors may be (but shall not be required to be) current directors of either PREMERA or Premera Blue Cross.~~

3.3 Duties of Directors. Pursuant to RCW ~~24.03.127 and as provided in the Articles of Incorporation~~24.03.127, each director shall perform the duties of a director, including the duties as a member of any committee of the Board of Directors upon which the director may serve, in good faith, and in a manner that such director believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

3.4 Number of Directors. The ~~initial number of members on the~~ Board of Directors shall ~~include those persons named as the initial directors in the Corporation~~be as stated in the Foundation’s Articles of Incorporation.~~Thereafter, Any action of the Board of Directors shall consist of a minimum of three (3) and not more than seven (7) directors. The number of directors shall be set from time to time by the Board of Directors, subject to the requirements of Section 4.8; provided that no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. to increase or decrease the number of directors within the limitations imposed by the Articles of Incorporation, whether expressly by resolution or by implication through the appointment of additional directors, shall not be effective without the affirmative vote of at least two-thirds of the directors then in office.~~

3.5 Election.~~Unless the Board of Directors is reducing the number of directors as provided in these Bylaws, (a) the Board shall appoint a successor director, who shall have been nominated by PREMERA, to replace each director, other than an Independent Director, whose term is ending; or (b) the Independent Directors shall appoint, by affirmative vote of a majority of the Independent Directors then in office, a successor Independent Director, who shall have been nominated by PREMERA, to replace each Independent Director whose term is ending.~~

3.5.1 General. After the appointment or election of the Third Board pursuant to Section 3.5.2, the Board of Directors shall appoint a successor director to replace each director whose term is ending pursuant to Section 3.6 below. The Board of Directors may make any such appointment at the annual meeting at which the director's term is scheduled to end. In selecting new directors, the Board of Directors shall strive to maintain a reasonable diversity of views, expertise, experience, and geographical representation. In appointing such directors, the Board of Directors may utilize such processes, and may consult with such individuals and groups, as the Board of Directors deems appropriate.

3.5.2 First Board, Second Board, and Third Board. If all state and regulatory approvals of the State of Washington have been obtained with respect to the Application regarding the Conversion and Acquisition of Control of Premera Blue Cross and its Affiliates (the "Application"), Docket Number G 02-45, those persons named as the initial directors in the Corporation's Articles of Incorporation (the "First Board") shall resign and shall take all actions necessary to effect the installation of those individuals as their successors to be appointed by the Attorney General of the State of Washington (collectively, the "Second Board"). Immediately after the closing of the initial public offering as contemplated in the Application (the "Transfer Date"), those persons comprising the Second Board shall resign and shall take all actions necessary to effect the installation of those individuals as their successors to be appointed by the Attorney General of the State of Washington (collectively, the "Third Board"). In the event that the Washington Attorney General has been unable to install the Third Board, the Second Board shall have the authority to continue to perform the normal and customary duties of directors in accordance with these Bylaws, the Articles of Incorporation, and RCW 24.03.127 until such Third Board is installed. In appointing directors to the Second Board and/or Third Board, the Attorney General of the State of Washington may utilize such processes, and may consult with such individuals and groups, as the Attorney General deems appropriate. Notwithstanding this Section 3.5.2, a director's service on the Second Board does not disqualify such director from (i) being appointed and serving a full term on the Third Board, or (ii) being appointed or elected to any subsequent board by the Board of Directors then in office as provided for in these Bylaws.

3.6 ~~Classification~~Classifications and Term. The directors comprising the First Board will resign upon the effective appointment of the Second Board, and the directors comprising the Second Board will resign upon the effective appointment of the Third Board, pursuant to Section 3.5.2. The Third Board shall be divided into three (3) groups and shall be known as Class I, Class II, and Class III ~~Directors~~. The initial Class I ~~Directors~~ ~~directors~~ shall hold office until the ~~fifth~~ first annual ~~meeting~~ election of directors, the initial Class II ~~Directors~~ ~~directors~~ shall hold office until the ~~sixth~~ second annual ~~meeting~~ election of directors, and the initial Class III ~~Directors~~ ~~directors~~ shall hold office until the ~~seventh annual meeting~~ third annual election of directors. ~~After their respective initial terms~~ Thereafter, directors of each class shall serve for a term of ~~five~~ three (3) years, commencing on the date of election, and each director shall hold office until his or her successor is elected and qualified, or until his or her death, resignation ~~or removal~~. ~~No director may serve more than three (3) successive terms, or removal.~~ At each subsequent annual meeting of directors, the successors of those directors whose terms then expire shall be elected to serve for a term of three (3) years, and until their

successors are elected and qualified, or until their death, resignation, or removal. Any director may serve up to three (3) successive three (3) year terms, and thereafter shall be ineligible to serve as a director for a period of one (1) year.

3.7 Increase in Number. ~~If~~Except as provided in Section 3.5.2, if the Board of Directors increases the number of directors as provided in ~~these Bylaws, Section 3.4,~~ such position shall be filled by ~~an individual who shall have been nominated by PREMERA and appointed by either (a) the Board of Directors or (b) the affirmative vote of the majority of the Independent Directors then in office.~~ a majority of the remaining Board of Directors even though less than a quorum of the Board of Directors may be present at the meeting. The Board of Directors may make any such appointment at any of its meetings.

3.8 Vacancies. ~~3.8.1 General.~~ The Board of Directors ~~shall~~may appoint an individual ~~who shall have been nominated by PREMERA to fill a~~any vacancy in the position of director, ~~other than an Independent Director vacancy.~~ The Board of Directors may do so at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining directors, even if less than a quorum of the Board of Directors is present at the meeting. A director who fills a vacancy shall serve for the unexpired term of his or her predecessor in office. ~~3.8.2 Independent Directors. The Independent Directors shall, by affirmative vote of a majority of the Independent Directors then in office, appoint an individual who shall have been nominated by PREMERA to fill an Independent Director vacancy. A director who fills an Independent Director vacancy shall serve for the unexpired term of his or her predecessor in office.~~

3.9 Resignation. Any director may resign at any time by delivering notice thereof, in any manner and by any means permitted under the Act, to the president or the secretary at the principal office of the Corporation, or by giving such notice at any meeting of the Board of Directors. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective; provided however, that if the resignation would result in the Corporation having no director or no director capable of serving as such, the resigning director shall continue to serve as a director until a successor director is appointed and qualified as provided in these Bylaws or by resolution of the Board of Directors.

3.10 Removal. ~~3.10.1 General.~~ At a meeting called expressly for that purpose, the Board of Directors may remove from office upon a vote of two-thirds (2/3) of the directors in office, with ~~or without~~ cause, one or more directors, ~~except an Independent Director,~~ as long as there is at least one director remaining after such removal.

~~3.10.2 Independent Directors. At a meeting called expressly for that purpose, the Independent Directors may, by majority vote of the Independent Directors then in office, remove from office, with or without cause, one or more Independent Directors as long as there is at least one Independent Director remaining after such removal.~~

~~3.11 Compensation. Directors may pay themselves amounts for reasonable expenses incurred and reasonable compensation for services rendered in the administration of the~~

~~Corporation at a level not to exceed such compensation at other charitable organizations similar in size and scope to the Corporation.~~

~~**3.12 Standing or Temporary Committees.** The Board of Directors, by resolution adopted by a majority of the directors in office, may designate and appoint one or more standing or temporary committees, each of which shall:~~

~~(a) Consist of two (2) or more directors, provided that a majority of the members of each committee shall be Independent Directors;~~

~~(b) Be governed by the same rules regarding meetings, action without meetings, notice, and waiver of notice, and quorum, manner of acting and voting requirements as applied to the Board of Directors; and~~

~~(c) To the extent provided in such resolution, have and may exercise all the authority of the Board of Directors; provided, however, that the Board of Directors may not delegate its authority to:~~

~~(i) amend, alter, or repeal these Bylaws;~~

~~(ii) elect, appoint, or remove any member of any such committee or any director or officer of the Corporation;~~

~~(iii) amend the Articles of Incorporation;~~

~~(iv) adopt a plan of merger or consolidation with another corporation;~~

~~(v) authorize the sale, lease, or exchange of all or substantially all of the property and assets of the Corporation, not in the ordinary course of business;~~

~~(vi) authorize the voluntary dissolution of the Corporation or revoke proceedings therefor;~~

~~(vii) adopt a plan for the distribution of the assets of the Corporation; or~~

~~(viii) amend, alter, or repeal any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee.~~

~~The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon it by law.~~

~~**3.12.1 Resignation of Committee Member.** Any member of any committee may resign at any time by delivering notice thereof, in any manner and by any means permitted under the Act, to the president, the secretary or the chairperson of such committee, or by giving~~

~~such notice at any meeting of such committee. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.~~

~~**3.12.2 Removal of Committee Member.** The Board of Directors shall have the power at any time to change the members of any committee, to fill vacancies, and to discharge any committee; provided that, Independent Directors may be discharged from a committee only by affirmative vote of a majority of Independent Directors then in office.~~

3.11 Compensation. Unless otherwise provided by law, the Corporation shall not compensate directors for their services as directors, but the directors shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of their official duties.

ARTICLE IV MEETINGS OF BOARD OF DIRECTORS

4.1 Annual Meeting. The annual meeting of the Board of Directors shall be held during the month of ~~_____~~ March on the date and at the time each year as determined by the Board of Directors, for the purpose of electing directors and officers, and for transacting such other business as may properly come before the meeting. The failure to hold an annual meeting at the time stated in these Bylaws does not affect the validity of any corporate action.

4.2 Place of Meetings. All meetings shall be held at the principal office of the Corporation, or at such other place within or without the State of Washington designated by the Board of Directors, by any persons entitled to call a meeting, or by a waiver of notice executed by all directors.

4.3 Regular Meetings. By resolution, the Board of Directors may specify the date, time, and place for the holding of regular meetings of the Board of Directors or any committee designated by the Board of Directors without any notice other than such resolution. If no such resolution is adopted, then the Board of Directors may call meetings pursuant to the notice provisions set forth in Section 4.9.

4.4 Special Meetings. Special meetings of the Board of Directors or any committee designated by the Board of Directors may be called by, or at the request of, the president or any one or more of the directors in office, in any manner and by any means permitted under the Act, or in the case of a committee meeting, by the chair of the committee. The person or persons authorized to call special meetings may fix the place, either within or without the State of Washington, and time for holding any special Board of Directors or committee meeting called by them. Notice of a special meeting shall be given as provided in Section 4.9.

4.5 Participation by Telephone. Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of such Board of Directors or committee by means of a conference telephone or similar communications

equipment by which means all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

4.6 Presumption of Assent. A director present at a Board of Directors meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless:

(a) ~~The director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding it or transacting business at the meeting;~~ (b) ~~The~~the director's dissent or abstention from the action taken is entered in the minutes of the meeting; ~~or~~

(~~eb~~) ~~The~~the director files dissent or abstention, in any manner and by any means permitted under the Act, to such action with the person acting as the secretary of the meeting before the adjournment thereof; or

(~~dc~~) ~~The~~the director forwards such dissent or abstention by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting; ~~provided, however, that,~~

Notwithstanding the foregoing, such right to dissent or abstain shall not apply to a director who voted in favor of such action.

4.7 Quorum. Unless a greater portion is required by ~~law~~these Bylaws, the Articles of Incorporation ~~or these Bylaws, or applicable Washington law,~~ a majority of the directors, ~~a majority of whom are Independent Directors fixed by, or in the manner provided by these Bylaws,~~ shall constitute a quorum for the transaction of business or any particular item of business at any Board of Directors meeting ~~or any meeting of a committee designated by the Board of Directors.~~ In, but in no event shall a quorum consist of less than one-third of the ~~aggregate~~ number of directors so fixed or stated ~~by the Bylaws~~. If a quorum is not present at a meeting, a majority of the directors present may adjourn the meeting and set a date and time for the meeting to reconvene without further notice.

4.8 ~~4.8~~ **Manner of Acting.**

4.8.1 ~~4.8.1~~ **General.** Each director shall be entitled to one (1) vote, and the act of the majority of the directors present at a meeting at which there is a quorum shall be the act of the Board of Directors, unless the act of a greater number is required by these Bylaws, the Articles of Incorporation, or applicable Washington law. A director may not vote or act by proxy at any meeting of directors.

4.8.2 Acts Requiring a Greater Number of Directors. The affirmative vote of ~~the majority~~three-fourths (3/4) of ~~the~~ directors ~~present at a meeting at which there is a quorum and the affirmative vote of the majority of the Independent Directors then in office is then in office, and advance written approval of the Attorney General of the State of Washington, shall be~~ required for the Board of Directors to:

~~(a) set the number of directors pursuant to Section 3.4 of these Bylaws;~~
(a) amend, alter or repeal any of these Bylaws;

~~(b) amend, alter or repeal Article III (“Board of Directors”), Section 4.7 (“Quorum”), this Section 4.8 (“Manner of Acting”), Section 4.11 (“Observation Rights”), Article V (“Actions By Unanimous Consent in Lieu of Meeting”), or Section 9.6 (“Amendment of Bylaws”) of these Bylaws;~~

(b) amend the Articles of Incorporation, except for a change of Registered Office or Agent under Article XI; provided that in no event can Article III (“Purposes and Powers”) be amended to be inconsistent with the purpose of promoting the health of the residents of the State of Washington;

~~(c) amend the Articles of Incorporation;~~ ~~(d)~~ adopt a plan of merger or consolidation with another Corporation;

~~(e)~~ authorize the sale, lease or exchange of all or substantially all of the property and assets of the Corporation, not in the ordinary course of business;

~~(f)~~ authorize the voluntary dissolution of the Corporation or revoke proceedings therefor; or

~~(g)~~ adopt a plan for the distribution of the assets of the Corporation.

4.9 Notice of Meetings. For any meeting of the Board of Directors or any committee designated by the Board of Directors for which notice is required by these Bylaws or by applicable Washington law, a notice stating the place, day, and hour of the meeting shall be given to each director at his or her address shown on the records of the Corporation at least ~~ten~~twenty-four (24) ~~days~~hours prior thereto by any manner and by any means permitted under the Act (and the method of notice need not be the same to each director). If notice is mailed, the notice shall be deemed effective when deposited in the United States mail properly addressed with postage thereon prepaid. If sent by facsimile or other electronic means, such notice shall be deemed effective when the facsimile machine or other electronic means prints or acknowledges that the transmission was successfully executed. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or any committee designated by the Board of Directors need be specified in the notice.

4.10 Waiver of Notice

4.10.1 Waiver by Communication. Whenever any notice is required to be given to any director under the provisions of these Bylaws, the Articles of Incorporation or applicable Washington law, a waiver thereof in any manner and by any means permitted under the Act, executed by the director entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

4.10.2 Waiver by Attendance. Attendance of a director or a committee member at a meeting shall constitute a waiver of notice of such meeting, except where a director or a committee member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

~~—————4.11—Observation Rights.~~

~~**4.11.1 Observation Rights.** For as long as the Corporation owns at least five percent (5%) of the outstanding capital stock of New PREMERA Corp., New PREMERA Corp. shall have the right to designate up to three (3) individuals (each an “Observer” and collectively, the “Observers”) to be present at and observe the meetings of the Board of Directors of the Corporation, including, but not limited to, any executive sessions, any meetings held by telephone or video teleconferencing or any meetings where at least a quorum of the Corporation’s directors are present and any meeting of any committee of the Corporation’s Board of Directors (the “Meetings”). The Corporation shall provide to the Observers, at such address as the Observers shall provide to the Corporation from time to time, (i) written notice of any Meeting (A) at least ten (10) days in advance for a regularly scheduled Meeting and at least three (3) days in advance for a non-regularly scheduled Meeting, or (B) at the same time as the Board of Directors, whichever is greater, and (ii) copies of any materials or documents to be presented, discussed or used, including the agenda thereof, at such Meeting (A) at least three (3) days before the Meeting at which such materials or documents are to be discussed or presented, or (B) at the same time as the Board of Directors, whichever is greater. The Observers shall also have the right to (x) observe any Meeting, (y) speak and participate in deliberations at any Meeting, and (z) inspect the minutes of any Meeting and any of the other books and records of the Corporation.~~

~~**4.11.2 Limitations on the Observation Rights.** The Observers shall (i) not have the power to vote at any Meeting, (ii) not owe any fiduciary duty towards the Corporation, and (iii) not disclose any confidential non-public information obtained solely while exercising such Observers’ Observation Rights (the “Foundation Confidential Information”) to any other person except New PREMERA Corp, its directors, officers, employees and agents. Without the consent of the Corporation (such consent not to be unreasonably withheld), New PREMERA Corp., its officers, directors, employees, and agents shall agree not to disclose the Foundation Confidential Information, except as required by (A) any applicable law or administrative rule, (B) any judicial or administrative order, or (C) any contract or agreement to which New PREMERA Corp. is a party.~~

ARTICLE V

ACTIONS BY UNANIMOUS CONSENT IN LIEU OF MEETING

Any corporate action required or permitted by the Articles of Incorporation or Bylaws, or by the laws of the ~~state~~State of Washington, to be taken at a meeting of the directors of the Corporation or at a meeting of a committee, may be taken without a meeting if a consent, given in any manner and by any means permitted under the Act, setting forth the action so taken, shall be executed by all of the directors or all of the members of the committee, as the case may be,

entitled to vote with respect to the subject matter thereof. Such consents may be executed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document. Such consent shall have the same force and effect as a unanimous vote, and may be described as such. Any such consent shall be inserted in the minute book as if it were the minutes of a meeting of the Board of Directors.

ARTICLE VI OFFICERS

6.1 Number. The officers of the Corporation shall be a president, one or more vice presidents, a secretary, and a treasurer, each of whom shall be elected by the Board of Directors. Other officers and assistant officers may be elected or appointed by the Board of Directors, such officers and assistant officers to hold office for such period, have such authority and perform such duties as are provided in these Bylaws, or as may be provided by resolution of the Board of Directors. Any officer may be assigned by the Board of Directors any additional title that the Board of Directors deems appropriate. Any two or more offices may be held by the same person, except the offices of president and secretary.

6.2 President. The president shall be the chief executive officer of the Corporation and, subject to the Board of Directors' control, shall supervise and control all of the assets, business, and affairs of the Corporation. The president may sign deeds, mortgages, bonds, contracts, or other instruments, except when the signing and execution thereof have been expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or are required by law to be otherwise signed or executed by some other officer or in some other manner. In general, the president shall perform all duties incident to the office of president, and such other duties as are assigned to him or her by the Board of Directors from time to time.

6.3 Vice Presidents. The Board of Directors may elect one or more vice presidents who shall assist the president in carrying out the programs of the Corporation. In the event of the death of the president or his or her inability to act, the vice president (or if there is more than one vice president, the vice president who was designated by the Board of Directors as the successor to the president, or if no vice president is so designated, the vice president whose name first appears in the Board of Directors resolution electing officers) shall perform the duties of the president, except as may be limited by resolution of the Board of Directors, with all the powers of and subject to all the restrictions upon the president. Vice presidents shall have, to the extent authorized by the president or the Board of Directors, the same powers as the president to sign deeds, mortgages, bonds, contracts or other instruments. Vice presidents shall perform such other duties as from time to time may be assigned to them by the president or the Board of Directors.

6.4 Secretary. The secretary shall be responsible for ensuring that minutes of meetings of the Board of Directors are recorded and maintained, and to the extent minutes of meetings of committees of the Board of Directors are recorded, that such minutes are maintained; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records of the Corporation or appoint such

person or entity as is appropriate to act as such custodian; ensure that records are kept of the name and address of each director and each officer; sign with the president, or other officer authorized by the president or the Board of Directors, deeds, mortgages, bonds, contracts, or other instruments; and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or the Board of Directors.

6.5 Treasurer. The treasurer shall have charge of, and be responsible for, all funds and securities of the Corporation; ensure that monies due and payable to the Corporation from any source whatsoever are properly received and that receipts are given for said monies; ensure that all such monies are deposited in the name of the Corporation in banks, trust companies, or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all of the duties incident to the office of treasurer, and such other duties as may be assigned to him or her by the president or the Board of Directors. If requested by the Board of Directors, at the Corporation's expense, the treasurer shall give a bond for the faithful discharge of his or her duties in such amount and with such surety or sureties as the Board of Directors may determine.

6.6 ElectionElections and Term of Office. The officers of the Corporation shall be elected each year by the Board of Directors at its annual meeting. Unless an officer dies, resigns, or is removed from office, he or she shall hold office until the next annual meeting of the Board of Directors or, if later, until his or her successor is elected.

6.7 Vacancies. A vacancy in any office created by the death, resignation, removal, disqualification, creation of a new office or any other cause may be filled by the Board of Directors for the unexpired portion of the term, or for a new term established by the Board of Directors.

6.8 Resignation. Any officer may resign at any time by delivering notice thereof, in any manner and by any means permitted under the Act, to the president, ~~a vice president, the secretary~~ or any director, or by giving such notice at any meeting of the Board of Directors. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.9 Removal. Any officer or agent elected or appointed by the Board of Directors may be removed from office, with or without cause, by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

6.10 Compensation; Contract Rights. The salaries, if any, of the officers and agents shall be limited to reasonable compensation for services, as fixed from time to time by the Board of Directors, or by any ~~person or persons~~ committee to ~~whom~~ which the Board of Directors has delegated such authority. ~~Officers and agents may also receive reimbursement for reasonable expenditures incurred on behalf of the Corporation.~~ Election or appointment of an officer or agent shall not of itself create contract rights.

6.11 Limitations on Authority. For purposes of clarification, no officer shall be permitted to sell the PREMERA Interests (as defined in the Corporation's Articles of Incorporation) except in an administrative or ministerial capacity acting on a permissible sale by the Board of Directors; provided, however, the Board of Directors may by resolution authorize one or two officers as the authorized signatory of the Corporation solely for the purpose of executing documents, agreements or instruments duly authorized pursuant to the Articles of Incorporation of the Corporation, these Bylaws and the law.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

~~7.1 Definitions.~~ As used in this Article 7:

(a) ~~“Act” means the Washington Nonprofit Corporation Act, now or hereafter in force.~~

(b) ~~“Agent” means an individual who is or was an agent of the Corporation or an individual who, while an agent of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Agent” includes, unless the context requires otherwise, the estate or personal representative of an Agent.~~

(c) ~~“Corporation” means this Corporation, and any domestic or foreign predecessor entity that, in a merger or other transaction, ceased to exist.~~

(d) ~~“Director” means an individual who is or was a director of the Corporation or an individual who, while a director of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Director” includes, unless the context requires otherwise, the estate or personal representative of a Director.~~

(e) ~~“Employee” means an individual who is or was an employee of the Corporation or an individual who, while an employee of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Employee” includes, unless the context requires otherwise, the estate or personal representative of an Employee.~~

(f) ~~“Expenses” means all fees and expenses incurred in any Proceeding, including without limitation, the fees and expenses of counsel.~~

(g) ~~“Indemnitee” means an individual made a Party to a Proceeding because the individual is or was a Director, Officer, Employee, or Agent and who possesses indemnification rights pursuant to the Articles of Incorporation, these Bylaws, or other corporate action. The term shall also include, for Officers, Employees, or Agents, service at the Corporation’s request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Indemnitee” shall also include the heirs, executors, and other successors in interest of such individuals.~~

(h) ~~“Liability” means the obligation to pay a judgment, settlement, penalty, or fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable Expenses incurred with respect to a Proceeding.~~

(i) ~~“Officer” means an individual who is or was an officer of the Corporation or an individual who, while an officer of the Corporation, is or was serving at the Corporation’s request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Officer” includes, unless the context requires otherwise, the estate or personal representative of an Officer.~~

(j) ~~“Party” includes an individual who was, is, or is threatened to be named a defendant or a respondent in a Proceeding.~~

(k) ~~“Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal.~~

~~**7.2 — Indemnification Rights of Directors, Officers, Employees and Agents.** The Corporation shall indemnify its Directors, Officers, Employees and Agents to the full extent permitted by applicable law as then in effect against Liability arising out of a Proceeding to which such individual was made a Party because the individual is or was a Director, Officer, Employee or Agent of the Corporation. The Corporation shall advance Expenses incurred by such persons who are parties to a Proceeding in advance of final disposition of the Proceeding, as provided herein.~~

~~**7.3 — Procedure for Seeking Indemnification and/or Advancement of Expenses.**~~

~~**7.3.1 — Notification and Defense of Claim.** Indemnitee shall promptly notify the Corporation, in any manner and by any means permitted under the Act, of any Proceeding for which indemnification could be sought under this Article. In addition, Indemnitee shall give the Corporation such information and cooperation as it may reasonably require and as shall be within Indemnitee’s power. With respect to any such Proceeding as to which Indemnitee has notified the Corporation:~~

~~(a) — The Corporation shall be entitled to participate therein at its own expense;~~
~~or~~

~~(b) Except as otherwise provided below, to the extent that it may wish, the Corporation, jointly with any other indemnifying Party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnatee. Indemnatee's consent to such counsel may not be unreasonably withheld.~~

~~After notice from the Corporation to Indemnatee of its election to assume the defense, the Corporation will not be liable to Indemnatee under this Article for any Expenses subsequently incurred by Indemnatee in connection with such defense. However, Indemnatee shall continue to have the right to employ its counsel in such Proceeding, if:~~

~~(i) The employment of counsel by Indemnatee has been authorized by the Corporation, in which case all Expenses shall be borne by Indemnatee;~~

~~(ii) Indemnatee shall have reasonably concluded that there may be a conflict of interest between the Corporation and Indemnatee in the conduct of such defense, in which case all Expenses shall be borne by Indemnatee; or~~

~~(iii) The Corporation shall not in fact have employed counsel to assume the defense of such Proceeding, in which case Expenses related to Indemnatee's counsel shall be borne by the Corporation.~~

~~The Corporation shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Corporation or as to which Indemnatee shall reasonably have made the conclusion that a conflict of interest may exist between the Corporation and the Indemnatee in the conduct of the defense.~~

~~**7.3.2 Information to be Submitted and Method of Determination and Authorization of Indemnification.** For the purpose of pursuing rights to indemnification under this Article, the Indemnatee shall submit to the Board or Directors a sworn statement requesting indemnification and reasonable evidence of all amounts for which such indemnification is requested (together, the sworn statement and the evidence constitute an "**Indemnification Statement**").~~

~~Submission of an Indemnification Statement to the Board of Directors shall create a presumption that the Indemnatee is entitled to indemnification hereunder, and the Corporation shall, within sixty (60) calendar days thereafter, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnatee, unless: (a) within such sixty (60) calendar day period it shall be determined by the Corporation that the Indemnatee is not entitled to indemnification under this Article; (b) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and (c) the Indemnatee shall receive notice of such determination, which notice shall be given in any manner and by any means permitted under the Act and shall disclose with particularity the evidence upon which the determination is based.~~

~~—The foregoing determination shall be made (a) by the Board of Directors by majority vote of a quorum consisting of Directors not at the time parties to the Proceeding; (b) if a quorum cannot be obtained under (a) in this paragraph, by majority vote of a committee duly designated by the Board of Directors, in which designation directors who are parties may participate, consisting solely of two or more Directors not at the time parties to the Proceeding; or (c) special legal counsel selected by the majority vote of a quorum of the Board of Directors not at the time parties to the Proceeding.~~

~~—Any determination that the Indemnitee is not entitled to indemnification, and any failure to make the payments requested in the Indemnification Statement, shall be subject to judicial review by any court of competent jurisdiction.~~

~~—**7.3.3 Special Procedure Regarding Advance for Expenses.**—An Indemnitee seeking payment of Expenses in advance of a final disposition of the Proceeding must furnish the Corporation, as part of the Indemnification Statement:~~

~~(a) —An affirmation, given in any manner and by any means permitted under the Act, of the Indemnitee's good faith belief that the Indemnitee has met the standard of conduct required to be eligible for indemnification; and~~

~~(b) —An undertaking, made in any manner and by any means permitted under the Act, constituting an unlimited general obligation of the Indemnitee, to repay the advance if it is ultimately determined that the Indemnitee did not meet the required standard of conduct.~~

~~—If the Corporation determines that indemnification is authorized, the Indemnitee's request for advance of Expenses shall be granted.~~

~~—**7.3.4 Settlement.** The Corporation is not liable to indemnify Indemnitee for any amounts paid in settlement of any Proceeding without the Corporation's consent, given in any manner and by any means permitted under the Act. The Corporation shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's consent, given in any manner and by any means permitted under the Act. Neither the Corporation nor Indemnitee may unreasonably withhold its consent to a proposed settlement.~~

~~**7.4 — Contract and Related Rights.**~~

~~—**7.4.1 Contract Rights.** The right of an Indemnitee to indemnification and advancement of Expenses is a contract right upon which the Indemnitee shall be presumed to have relied in determining to serve or to continue to serve in his or her capacity with the Corporation. Such right shall continue as long as the Indemnitee shall be subject to any possible Proceeding. Any amendment to or repeal of this Article shall not adversely affect any right or protection of an Indemnitee with respect to any acts or omissions of such Indemnitee occurring prior to such amendment or repeal.~~

~~**7.4.2 Optional Insurance, Contracts, and Funding.** The Corporation may:~~

~~(a) Maintain insurance, at its expense, to protect itself and any Indemnitee against any Liability;~~

~~(b) Enter into contracts with any Indemnitee in furtherance of this Article and consistent with the Act; and~~

~~(c) Create a trust fund, grant a security interest, or use other means (including without limitation a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.~~

~~**7.4.3 Severability.** If any provision or application of this Article shall be invalid or unenforceable, the remainder of this Article and its remaining applications shall not be affected thereby, and shall continue in full force and effect.~~

~~**7.4.4 Right of Indemnitee to Bring Suit.** If (a) a claim under this Article for indemnification is not paid in full by the Corporation within sixty (60) days after a claim, given in any manner and by any means permitted under the Act, has been received by the Corporation; or (b) a claim under this Article for advancement of Expenses is not paid in full by the Corporation within twenty (20) days after claim, given in any manner and by any means permitted under the Act, has been received by the Corporation, then the Indemnitee may, but need not, at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the extent successful in whole or in part, the Indemnitee shall be entitled to also be paid the expense (to be proportionately prorated if the Indemnitee is only partially successful) of prosecuting such claim.~~

~~Neither: (a) the failure of the Corporation (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification or reimbursement or advancement of Expenses to the Indemnitee is proper in the circumstances; nor (b) an actual determination by the Corporation (including its Board of Directors or its independent legal counsel) that the Indemnitee is not entitled to indemnification or to the reimbursement or advancement of Expenses, shall be a defense to the Proceeding or create a presumption that the Indemnitee is not so entitled.~~

~~The relative benefits received by and fault of the Corporation on the one hand and the Indemnitee on the other shall be determined by a court of appropriate jurisdiction (which may be the same court in which the Proceeding took place) with reference to, among other things, the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent the circumstances resulting in such loss. The Corporation agrees that it would not be just and equitable if contribution pursuant to this section was determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.~~

~~**7.5 Exceptions.** Any other provision herein to the contrary notwithstanding, the Corporation shall not be obligated pursuant to the terms of these Bylaws to indemnify or advance Expenses to Indemnitee with respect to any Proceeding:~~

~~7.5.1 Claims Initiated by Indemnatee.~~ Initiated or brought voluntarily by Indemnatee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under these Bylaws or any other statute or law or as otherwise required under the statute; but such indemnification or advancement of Expenses may be provided by the Corporation in specific cases if the Board of Directors finds it to be appropriate.

~~7.5.2 Lack of Good Faith.~~ Instituted by Indemnatee to enforce or interpret rights under these Bylaws, if a court of competent jurisdiction determines that each of the material assertions made by Indemnatee in such Proceeding was not made in good faith or was frivolous.

~~7.5.3 Insured Claims.~~ For which any of the Expenses or Liabilities for indemnification is being sought have been paid directly to Indemnatee by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the Corporation.

~~7.5.4 Prohibited by Law.~~ If the Corporation is prohibited by the Act or other applicable law as then in effect from paying such indemnification and/or advancement of Expenses.

ARTICLE VIII

CONFLICT OF INTEREST

8.17.1 Conflict Defined. A conflict of interest may exist when the interests or activities of any director, officer, or staff member may be seen as competing with the interests or activities of the Corporation, or the director, officer, or staff member derives a financial or other material gain as a result of a direct or indirect relationship.

~~8.2 Conflicts~~**7.2 Conflict of Interest Policy.** The Board of Directors may adopt a ~~conflicts~~conflict of interest policy and procedures to implement the provisions of this Article.

8.37.3 Disclosure Required. Any possible conflict of interest shall be disclosed to the Board of Directors by the person concerned, if that person is a director or the president of the Corporation, or to the president (or such person as the president may designate) if the person with the potential conflict is a staff member or any other officer.

8.47.4 Abstention from Vote. When any conflict of interest is relevant to a matter requiring action by the Board of Directors, the interested person shall call it to the attention of the Board of Directors or its appropriate committee, and such person shall not vote on the matter; provided, however, that any director disclosing a possible conflict of interest may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof.

8.57.5 Absence from Discussion. Unless requested to remain present during the meeting, the person having the conflict shall retire from the room in which the Board of

Directors or its committee is meeting, and shall not participate in the final deliberation or decision regarding the matter under consideration. However, that person shall provide the Board of Directors or committee with any and all relevant information.

7.6 ~~8.6~~ **Minutes.** The minutes of the meeting of the Board of Directors or committee shall reflect that the conflict of interest was disclosed, and that the interested person was not present during the final discussion or vote and did not vote. When there is doubt as to whether a conflict of interest exists, the matter shall be resolved by a vote of the Board of Directors or its committee, excluding the person concerning whose situation the doubt has arisen.

7.7 **Prohibition Against Acceptance of Gifts.** Each director, officer, employee, agent, representative or person acting on the Corporation's behalf shall be prohibited from accepting any gratuitous service, loan, discount, money, or article or service of value (x) from entities having actual or prospective business contacts with the Corporation or (y) otherwise as a result of his or her position, other than articles or services of nominal value or reasonable entertainment of nominal value.

7.8 **Prohibition Against Beneficial Ownership of Shares of New PREMERA.** No director, officer, or employee may, during his or her service as a director, officer, or employee, as the case may be, beneficially own shares of capital stock of New PREMERA (or any successor thereto), provided that no such prohibition shall be applicable to any director's, officer's or employee's interest in a mutual fund account or other investment arrangement in which the director, officer or employee exercises no direct control over the investment in such shares.

~~8.77.9~~ **Annual Review.** A copy of ~~this~~the conflict of interest bylaw and any ~~conflicts~~conflict of interest policy adopted by the Board of Directors shall be furnished to each director, officer, and senior staff member who is presently serving the Corporation, or who may thereafter become associated with the Corporation. This policy shall be reviewed annually for the information and guidance of directors, officers, and staff members. Any new directors, officers, or staff members shall be advised of this policy upon undertaking the duties of such office.

ARTICLE VIII COMMITTEES

8.1 **Board Committees Generally.** With the exception of the Investment Committee and the Program Committee, both of which shall be standing committees formed pursuant to Sections 8.5 and 8.6 of this Article VIII, the Board of Directors, by resolution adopted by a majority of the directors in office, may designate and appoint one or more additional standing or temporary committees. Each committee, including the Investment Committee and the Program Committee, unless otherwise specified in Sections 8.5 and 8.6, shall:

(a) consist of two (2) or more directors;

(b) be governed by the same rules regarding meetings, action without meetings, notice, and waiver of notice, and quorum and voting requirements as applied to the Board of Directors; and

(c) to the extent provided in such resolution or these Bylaws, have and may exercise all the authority of the Board of Directors; provided, however, that the Board of Directors may not delegate its authority to:

(i) amend, alter, or repeal these Bylaws;

(ii) elect, appoint, or remove any member of any such committee or any director or officer of the Corporation;

(iii) amend the Articles of Incorporation;

(iv) adopt a plan of merger or consolidation with another corporation;

(v) authorize the sale, lease, or exchange of all or substantially all of the property and assets of the Corporation, not in the ordinary course of business or in violation of law or regulations;

(vi) authorize the voluntary dissolution of the Corporation or revoke proceedings therefore;

(vii) adopt a plan for the distribution of the assets of the Corporation;

(viii) amend, alter, or repeal any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee; or

(ix) take any action requiring the vote of more than a majority of the directors pursuant to the Corporation's Articles of Incorporation or Bylaws.

The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon it by law.

8.2 Quorums; Manner of Acting. A majority of the number of directors composing any committee, including the Investment Committee and the Program Committee, shall constitute a quorum, and the act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee.

8.3 Resignation of Committee Member. Any member of any committee may resign, including the Investment Committee and the Program Committee, at any time by delivering notice thereof, in any manner and by any means permitted under the Act, to the president, or the secretary of the Corporation or the chairperson of such committee, or by giving

such notice at any meeting of such committee. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.4 Removal of Committee Member. The Board of Directors shall have the power at any time to change the members of any committee and to fill vacancies, including the Investment Committee and the Program Committee. The Board of Directors shall have the power to discharge any committee except for the Investment Committee and the Program Committee.

8.5 Investment Committee. Upon the appointment or election of the First Board pursuant to Section 3.5.2, there shall be designated a finance and investment committee (the "Investment Committee") which shall be a standing committee of the Board of Directors and shall include only those directors who have substantial business or financial management experience, such as experience as a board member or executive officer of a public company or other comparable experience. The Investment Committee shall, pursuant to the limitations of Section 8.1 and except for the powers delegated to the Program Committee subject to Section 8.6, possess and may exercise all the powers and functions of the Board in the management, control, and disposition of the Corporation's investments, including, without limitation, (a) the Corporation's shares of New PREMERA stock and (b) any proceeds, including without limitation, income on such proceeds as invested and reinvested, from the sale of such stock. In performing the foregoing functions, the Investment Committee shall, on the Corporation's behalf, be authorized to employ and seek the advice of consultants or consulting firms with experience in asset and financial management such as investment banks, asset management funds and firms, or other consultants and consulting firms with relevant financial expertise. The Investment Committee shall consist of not less than three (3) and not more than five (5) directors to be elected by the Board of Directors for a term of one year. In electing the members of the Investment Committee, the Board of Directors shall select directors who meet the business experience requirements of this Section 8.5. The Board of Directors shall elect one of the Investment Committee's members as chair of the Investment Committee.

8.6 Program Committee. The Corporation shall at all times have a Program Committee whose function shall be to (i) propose to the Board of Directors, for review and approval, criteria, policies and procedures that will identify the most efficient use of the Corporation's resources in furthering the Corporation's purposes, and (ii) analyze and recommend to the Board of Directors what programs, grants and other expenditures should be made by the Corporation in accordance with such criteria, policies and procedures. The Program Committee shall consist of not less than five (5) directors to be elected by the Board of Directors for a term of one (1) year. In electing the members of the Program Committee, the Board of Directors shall ensure that the Program Committee represents the diversity of Washington's population, and includes individuals with experience, education, and/or expertise in one or more of the following areas: health care or social welfare; leadership; grant making; nonprofit organizations; or public health. The Board of Directors shall elect one of the Program Committee's members as chair for a one-year term, but a director cannot serve more than three consecutive terms as chair. No member of the Program Committee shall serve more than three consecutive one-year terms.

ARTICLE IX ADMINISTRATIVE PROVISIONS

9.1 Books and Records. The Corporation shall keep the following records at its registered office or its principal office in this state:

- (a) ~~Current~~current copies of its Articles of Incorporation and Bylaws, as amended;
- (b) ~~Correct~~correct and adequate records of accounts and finances;
- (c) ~~A~~a record of officers' and directors' names and addresses;
- (d) ~~Minutes~~minutes of the proceedings of its Board of Directors, and any minutes which may be maintained by committees having any of the authority of the Board of Directors; and
- (e) ~~Such~~such other records as may be necessary or advisable.

Such records may be made in any manner and by any means permitted under the ~~Washington Nonprofit Corporation~~ Act. All books and records of the Corporation shall be open at any reasonable time to inspection by any director.

9.2 Fiscal Year. The accounting year of the Corporation shall be the twelve months ending December 31.

9.3 Corporate Seal. The Board of Directors may provide for a corporate seal, which shall have inscribed thereon the name of the corporation, the year and the state of incorporation, and the words "corporate seal."

9.4 Loans to Directors and Officers Prohibited. No loans or advances shall be made by the Corporation to any of its directors or officers.

9.5 Rules of Procedure. The Board of Directors shall appoint one director to act as chairperson for any term selected by the Board of Directors. The chairperson of the Board of Directors, after consultation with the president of the Corporation, shall set the agenda for each meeting of the Board of Directors. The rules contained in the most recent edition of Robert's Rules of Order, newly revised, shall govern all meetings of directors where those rules are not inconsistent with the Articles of Incorporation, Bylaws, or other rules of order of this Corporation.

9.6 Amendment of Bylaws. These Bylaws may be amended, repealed, or modified, and new Bylaws adopted, ~~by the Board of Directors, subject to the requirements of Section 4.8 ("Manner of Acting")~~ as provided for in the Corporation's Articles of Incorporation.

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CERTIFICATE OF ADOPTION

The undersigned Secretary of _____ does hereby certify that the above and foregoing Bylaws of said Corporation were adopted by the Board of Directors as the Bylaws of said Corporation, and that the same do now constitute the Bylaws of this Corporation.

DATED this _____ day of _____, 20 ____.

_____, Secretary

